

EXHIBIT 1

Respondent Michael Peevey is the current President of the Public Utilities Commission (“PUC”). Respondent was originally appointed to the PUC as a commissioner on March 5, 2002, and his current term expires December 31, 2008. As a commissioner for the PUC, Respondent is subject to the annual gift limits of the Political Reform Act (the “Act”).¹

In this matter, Respondent accepted gifts from a single source that exceeded the annual gift limit by \$430. Respondent’s violation in this matter became known due to a written admission by Respondent included with his 2002 statement of economic interests (“SEI”).

For the purposes of this stipulation, Respondent’s violation of the Act is stated as follows:

COUNT 1: In 2002, as a Commissioner for the Public Utilities Commission, Respondent Michael Peevey accepted gifts in excess of the annual gift limit, in the form of free parking from the San Francisco International Airport, in violation of section 89503 of the Government Code.

SUMMARY OF THE LAW

Prohibition Against Accepting Excessive Gifts

A PUC Commissioner is prohibited from accepting a gift from any single source in any calendar year with a total fair market value of more than \$250. (Section 89503, subd. (a); section 87200.) The gift limit in section 89503 is adjusted biennially to reflect changes in the Consumer Price Index. (Section 89503, subd. (f).) The annual gift limit for 2002 was \$320. (See regulation 18940.2.)

Section 82028 defines “gift” as “any payment that confers a personal benefit on the recipient, to the extent that consideration of equal or greater value is not received....”

SUMMARY OF THE FACTS

During 2002, as a Commissioner for the PUC, Respondent was prohibited from accepting any gifts from any single source that exceeded \$320. Respondent requested

¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

parking privileges at San Francisco International Airport (SFIA) to facilitate his continued service on the PUC during a time when he was impaired due to chemotherapy treatments he was receiving. The headquarters of the PUC is in San Francisco. Respondent's residence and physicians were located in southern California. Respondent received some parking from SFIA in connection with his work for the PUC that was not subject to the gift limits of the Act, however, he also used \$750 in parking for personal use. Since the applicable gift limit was \$320, Respondent exceeded the gift limits by \$430.

In aggravation, at the time the parking permit was provided, Respondent was sent a letter from the SFIA Director informing him of the gift-limit laws.

In mitigation, when Respondent filed his 2002 SEI, he attached an addendum to Schedule E (Income-Gifts), admitting that he had used \$750 worth of parking for personal use and further admitting that he exceeded the annual gift limits.

CONCLUSION

This matter consists of one count, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000). Accepting a gift in excess of the legal gift limit is one of the more serious violations of the Act, and maximum penalty is typically imposed. In the present matter, however, there are several mitigating factors. First, the violation does not appear to be the result of deliberate conduct intended to evade the gift limits. Second, the potential for undue influence from the source of the gift is not present in this case, as the PUC has no meaningful authority over SFIA. Third, Respondent admitted his violation, indicating that once he became aware that he had committed a violation he sought advice and education from the PUC's attorneys regarding the law governing the receipt of gifts by public officials. Finally, Respondent's ill-health was a contributing factor in the violation.

Accordingly, the facts of this case justify a total administrative penalty of Five Hundred Dollars (\$500).